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First report on the implementation of the recommendations of the Board of Auditors on the accounts of the United Nations for the financial period ended 31 December 2003**

Report of the Secretary-General

Summary

The present report contains information on measures taken or to be taken to implement the recommendations contained in the report of the Board of Auditors on the accounts of the United Nations for the biennium ended 31 December 2003.[1]

While the views of the various implementing offices have, for the most part, been taken into account during the preparation of the Board's report, the Secretary-General takes the opportunity in the present report to provide to the General Assembly additional information on the implementation of the recommendations of the Board. Accordingly, some of the main issues addressed in the report include: the need for recosting methodology, the reconciliation of the differences in payables due to fund sources, the mechanism for end-of-service and post-retirement benefits liabilities, the review of the management of trust funds, the development and promulgation of consistent and uniform policies on information and communication technology, the review of treasury operations, the hiring and remuneration of consultants, and the introduction and implementation of an assets management system and corruption and fraud prevention plan in the United Nations system.

* A/59/150.

** The present document was submitted for processing after the established deadline since it was prepared in response to the report of the Board of Auditors of the United Nations which was finalized after the said deadline. In addition, consultation with various implementing offices was necessary to provide complete and up-to-date information on the recommendations of the Board.

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In most cases, the Administration has concurred with the recommendations of the Board and implementation therefore proceeds as and where appropriate. For those instances in which the Administration does not agree with the recommendations or is unable to begin implementation, it provides an explanation for the particular course of action taken.

I. Introduction

1. In paragraph 7 of its resolution 48/216 B of 23 December 1993, the General Assembly requested the Secretary-General and the executive heads of the United Nations organizations and programmes to report to it, at the same time as the recommendations of the Board of Auditors were submitted to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, on measures taken or to be taken in response to those recommendations.

2. In preparing the present report, the Secretary-General has taken account of the provisions of General Assembly resolutions 49/216 A of 23 December 1994, in particular paragraphs 9 and 10, 49/216 B, paragraphs 3 and 4, 49/216 C, paragraph 3, 50/204 A of 23 December 1995, paragraph 4, 51/225 of 3 April 1997, section A, paragraph 10, and 52/212 B of 31 March 1998, paragraphs 3 to 5. Special attention has also been given to the requests of the General Assembly in resolution 57/278 A of 20 December 2002, paragraph 6, and resolution 58/270 of 23 December 2003, paragraph 11.

3. As a result of the increased cooperation between the Board of Auditors and the Administration over the past biennium, the Administration has, in principle, concurred with several of the Board's recommendations, in particular those contained in the following paragraphs of its report:[1] 39, 43, 45, 54, 56, 67, 70, 135, 139, 148, 151, 154, 198, 200, 216, 218, 222, 238, 298, 311 and 321. Moreover, the commitment of the Board of Auditors to reflect more of the comments of the Administration in its final report to the General Assembly is very evident.

II. Implementation of the recommendations contained in the report of the Board of Auditors

4. **In paragraphs 15 (a) and 36 of its report**, the Board recommended that the Office of Programme Planning, Budget and Accounts, in conjunction with the United Nations Development Programme (UNDP), reconcile the discrepancy of $22.43 million and make the necessary adjustments in the accounts to reflect the accurate balance of payables due to funding source in the financial statements.

5. The Administration shares the Board's concern in regard to this mater and continues to make a concerted effort to analyse and reduce the differences, in conjunction with UNDP.

6. **In paragraphs 15 (b) and 47**, the Board recommended that the United Nations review the funding mechanism for end-of-service and post-retirement benefits liabilities.

7. The Administration agrees with the recommendation, and is currently preparing a report on funding of after-service health liabilities to the General Assembly.

8. **In paragraphs 15 (c) and 52**, the Board reiterated its previous recommendation that the Administration take action to review those trust funds whose purposes have long been attained in order to identify and close those that are inactive and no longer required.

9. The Administration agrees with the recommendation and continues to review trust funds with a view to their consolidation or closure. Appropriate action is being taken on a case-by-case basis.

10. The Controller is responsible for the implementation of the recommendations contained in paragraphs 4, 6 and 8 above.

11. **In paragraphs 15 (d) and 62**, the Board reiterated its recommendation that the United Nations Fund for International Partnerships (UNFIP) continue to collaborate with its implementing partners with regard to the timely submission of financial utilization reports.

12. In coordination with the United Nations Foundation, UNFIP intends to discuss the reporting systems at the next focal point meeting with implementing partners and further actions, including a sunset clause, will be explored with a view to ensuring expeditious action on this matter.

Management issues

13. **In paragraph 77**, the Board recommended that the Administration seek further coordination among the various information and communication technology (ICT) boards and steering committees in order to strengthen the governance of information and communication technology on an Organization-wide basis.

14. The Administration notes the Board's recommendation. However, ICT coordination has been increasing steadily as efforts are made to enhance the level of coordination of all ICT activities, particularly in such areas as enterprise networking, global security, access control, business continuity and disaster recovery and common methodology for justifying ICT initiatives. Over the past year, cooperation among the various ITC groups at Headquarters and offices away from Headquarters has significantly deepened. Since the first meeting of ICT chiefs at offices away from Headquarters, held at the headquarters of the Economic Commission for Africa early in 2004, a number of videoconferences and mass meetings at critical junctures have been convened, including network and conference service ICT meetings held in New York and the ICT and security meeting held at the United Nations Office at Vienna. The Administration is confident that it is on the right path to achieving the level of coordination desired.

15. **In paragraphs 15 (e) and 79**, the Board recommended that the Administration ensure that comprehensive, consistent and ideally uniform policies be finalized, promulgated and distributed throughout the Organization.

16. As reported by the Board in paragraph 85 of its report, the Administration has begun to take appropriate measures to ensure, to the extent possible, that unified, system-wide policies are promulgated. The Secretary-General's bulletin on the use of ICT resources and data has been approved by the ICT Board and will soon be promulgated and distributed to all heads of department and office.

17. **In paragraphs 15 (f) and 86**, the Board recommended that the Administration finalize, and share with funds and programmes, the planned common format for ICT strategy documents, covering the main issues, key mission objectives, the contribution of each project to these objectives, with a quantitative evaluation of

costs and benefits, a strengths, weaknesses, opportunities and threats analysis, a risk analysis and a discussion of the factors that would determine success or failure.

18. The ICT strategy of the United Nations Secretariat explicitly addresses the alignment of ICT projects with the core missions. The Secretariat has also adopted a standard methodology, the high-level business case, for justifying and approving ICT initiatives. The methodology addresses the evaluation of costs and benefits, including risk-adjusted measurements of costs and benefits, strengths, weaknesses, opportunities and threats analysis, and return on investment. Each department and office of the Secretariat is also responsible for ensuring the substantive alignment of its ICT initiatives in accordance with the new procedures for approving ICT initiatives.

19. **In paragraphs 15 (g) and 89**, the Board recommended that the United Nations adopt and implement a uniform methodology for determining the total cost of ICT with a view to improving the decision-making process on such issues as outsourcing and cost recovery.

20. The total budgeted cost of ICT is routinely reported in budget proposals. For the biennium 2002-2003, this information was presented in detail in A/56/6 (Introduction), paragraphs 63 to 70 and table 8. For the biennium 2004-2005, this information was presented in detail in A/58/6 (Introduction), paragraphs 24 to 32, and in supplementary information made available during intergovernmental reviews.

21. **In paragraph 93**, the Board encouraged the Administration to develop a consistent method for the evaluation, before and after implementation, of its ICT expenditure.

22. The high-level business case is a formal method of evaluating ICT initiatives, which is relied on by the Project Review Committee in that regard. The methodology addresses the beginning of the life cycle of an ICT initiative. As reported by the Board in paragraph 92 of its report, the additional components needed to track ICT initiatives throughout their entire life cycle, including benefits realization, are being planned for implementation.

23. **In paragraphs 15 (h) and 95**, the Board recommended that the United Nations review the delegations of authority, methodology and monitoring for the management of computerized data and information.

24. The Information Technology Services Division, Office of Central Support Services, is currently addressing the management issues related to authority, segregation of responsibility and monitoring of computerized data and information with the adoption of a COBIT-based methodology and application.

25. **In paragraphs 15 (i) and 97**, the Board recommended that the Administration establish, as planned, a formal portfolio of information technology assets in line with best information and communication technology industry practices in order to provide a complete view of ICT initiatives, projects and facilities across all United Nations organizational units.

26. A complete view of information technology assets can be obtained from the electronic assets management database (e-Assets). The revised version of e-Assets was implemented in the third quarter of 2003 and is available to all United Nations organizational units on the United Nations Headquarters Intranet site (iSeek).

27. **In paragraph 99**, the Board recommended that the Administration ascertain that training programmes on the development and implementation of an information and communication strategy are available and coordinated.

28. The Information Technology Services Division will coordinate with the training service of the Office of Human Resources Management in planning for the training of staff in the development of ICT strategies. The organization and management of ICT security and awareness training (one of the building blocks of the ICT strategy) is also one of the deliverables defined in the project on compliance with the ISO 17799 standard.

29. **In paragraph 102**, the Board recommended that the Administration continue to take appropriate steps to adopt common standards and best practices, including documenting "lessons learned" exercises.

30. The Administration remains committed to the institutionalization of best practices and standards and it has recently introduced the COBIT methodology into its management framework and processes. To this end, it has also implemented the software package *COBIT Advisor* to facilitate and support this initiative while it is aggressively pursuing ISO 17799 compliance/certification as a Secretariat-wide initiative, working on standards relating to total economic impact, project management and other practices. The Administration appreciates the applicability of the ISO 9001 standard and the Information Technology Infrastructure Library (ITIL) method and looks forward to exploring alignment with those methodologies and others in the future, once the outcome of current and highly demanding projects have been determined.

31. **In paragraph 112**, the Board encouraged the Administration to finalize its implementation of an Organization-wide framework for the assessment of risk in all offices.

32. Further to the information contained in paragraph 111 of the Board's report, the Administration continues to make every effort to finalize the implementation of the Organization-wide framework for the assessment of risk in all offices.

33. **In paragraph 116**, the Board recommends that the Administration (a) ensure that service-level agreements clearly define the roles and responsibilities of third party service providers and continually satisfy the business requirements, (b) undertake a formal risk assessment process prior to engaging third party service providers, (c) regularly assess the performance of service providers vis-à-vis the targets and commitments specified in the service-level agreements, and (d) ensure compliance with the provisions of the Procurement Manual in re-engaging service providers.

34. The Information Technology Services Division is already responsible for the evaluation and assessment of risk related to the security of information and data for service-level agreements and services provided by third parties. A standard risk assessment methodology has been defined by the ICT security unit in a draft ICT security, business continuity and emergency preparedness policy. ICT security-related risk assessment initiatives have been conducted by the security unit both in the Secretariat and at offices away from Headquarters.

35. **In paragraph 120**, the Board recommended that the Administration (a) promptly issue a comprehensive policy on ICT security, business contingency,

and emergency preparedness, and (b) update the corresponding user manual for back-up services.

36. The ICT security, business continuity and emergency preparedness policy is pending formal accreditation from a third party for compliance with international security standard ISO 17799.

37. **In paragraph 126**, the Board recommended that the Administration provide for appropriate expertise to review and monitor ICT functions.

38. The Information Technology Services Division will coordinate with the training service of the Office of Human Resources Management in developing training plans that will ensure that the required expertise is available in the Organization.

39. **In paragraph 131**, the Board recommended that the Administration consider instituting improvements in the current functionalities of the travel user session by, inter alia, (a) linking and integrating the travel request to the travel advance, (b) ensuring that travel advances are paid only upon approval of the travel request and travel advance and that any exceptions or overrides are logged, and (c) automating the computation of travel entitlements, and include a routine that would automatically establish the deadline for the submission of the travel reimbursement claim and the recovery of the travel advance through payroll deduction, in accordance with the requirements of administrative instruction ST/AI/2000/20.

40. **In paragraph 137**, the Board encouraged the Administration to implement a fully comprehensive set of posting rules.

41. **In paragraph 142**, the Board recommended that the Administration consider a feature in the Integrated Management Information System (IMIS) that allows only duly authorized officials of the Office of Human Resources Management to process an education grant while the previous year's education grant has not yet been closed.

42. The Administration's responses to the three above-mentioned recommendations are reflected in paragraphs 132, 136 and 141, respectively, of the Board's report.

43. **In paragraph 144**, the Board reiterated its recommendations that the Administration implement additional automated controls, such as (a) blocking the entry of a General Service to Professional category promotion if the data indicating that the staff member has passed the examination have not been validated, (b) extending full control over duplicates to all key data entries instead of limiting it to the initial entry, (c) rejecting implausible entries or posting a warning in such cases, and (d) displaying on the monitor information on the most recent successful login upon validation of a valid access.

44. As stated in paragraph 145 of the Board's report, the Administration has taken steps to develop on ICT security strategy, including: (a) creation of an ICT security unit in November 2002; (b) drafting of an ICT security, business continuity and emergency preparedness policy; (c) undertaking an ICT security risk assessment at the Information Technology Services Division of the Office of Central Support Services, the Economic Commission for Africa and the United Nations Office at Nairobi; (d) implementing an ISO 17799 compliance project, which is currently in

progress; (e) publishing an information security awareness newsletter and establishing an Intranet-based portal for security awareness; (f) implementing a secure communications network project; and (g) providing incident response and investigation support.

45. The Assistant Secretary-General, Office of Central Support Services, is responsible for the implementation of all of the recommendations relating to ICT.

46. **In paragraphs 15 (k) and 175**, the Board recommended that the Administration resubmit to the General Assembly its proposal for the establishment of a reserve to cover appropriately additional expenditures related to such factors as exchange rate variations and inflation.

47. The recommendation is accepted and will be implemented, taking into account any guidance given by the General Assembly at the time of its consideration of the report of the Board of Auditors.

48. **In paragraphs 15 (l) and 185**, the Board encouraged the Administration to (a) continue exploring enhancements in implementing the results-based budgeting methodology, and (b) consider, based on the cost-benefit analysis, utilizing the capability of both IMIS and the Integrated Monitoring and Documentation Information System (IMDIS) to link, where appropriate, the financial and technical aspects of the programmes and to provide timely information on the utilization of resources in achieving the desired results.

49. As reported by the Board in paragraph 186 of its report, the Administration is analysing the requirements for the integration of programmatic and financial information in IMDIS, in consultation with partners and stakeholders in the Secretariat.

50. **In paragraph 188**, the Board recommended that the Administration continue to develop and conduct training programmes that would address issues involved in the implementation of results-based budgeting.

51. The Administration agrees with this recommendation. Departmental training is being carried out on an ongoing basis to ensure adequate utilization of the logical framework. Specific training has been initiated to ensure that the expected accomplishments and performance indicators are stated at the outset of the technical cooperation projects.

52. **In paragraph 193**, the Board recommended that the Administration facilitate the issuance of summary reports in a timely manner.

53. The Administration has stepped up the outsourcing of translation of summary records through the Contractual Translation Unit. This has succeeded in reducing the backlog noted by the Board. Moreover, the General Assembly is expected to take a policy decision on summary records at its fifty-ninth session which will provide a permanent remedy to the problem of accumulated backlog of undistributed summary records.

54. The Under-Secretary-General for General Assembly and Conference Management is responsible for the implementation of the recommendation.

55. **In paragraph 196**, the Board recommended that the Administration review its system of allocating resources.

56. The Administration takes note of the Board's recommendation. With specific reference to the case highlighted in the Board's report, the Department for Disarmament Affairs has noted that the resources allocated to it are not commensurate with the increasing scope and complexity of its mandate and that of other disarmament-related bodies. Furthermore, the current mechanism of reporting on the work months utilized by the staff in implementing the programmed output does not reflect the actual level. Its Geneva branch, despite the expansion of its mandate, operates with the same level of resources as in previous years.

57. The Under-Secretary-General for Disarmament Affairs is responsible for the implementation of the recommendation.

58. **In paragraphs 15 (m) and 204**, the Board recommended that Treasury consider the costs and benefits of adopting a comprehensive cash-flow forecasting system, with a view to further enhancing its portfolio performance.

59. The recommendation has been duly noted. However, the Administration is of the view that the cash management system currently in place serves the Organization well and that therefore a more elaborate forecasting system for further enhancement of its portfolio performance, which compares favourably with industry-wide benchmarks, is not required at the present juncture. It is considered that the additional cost of developing and maintaining such a system is not warranted.

60. Cash-flow forecasts generally cover periods as far into the future as 3 to 12 months and, for the most part, are inaccurate and unreliable management tools. Nevertheless, Treasury does prepare an investment cash-flow report. The criterion for placement of investment is such that the maturity date is not a determining factor since Treasury holds a sufficient portion (approximately 20 per cent to 25 per cent in short-term deposits, with the balance in marketable, fixed-income securities). Should the need arise, the Administration can readily liquidate the latter within days in the marketplace, with values based on the interest rate outlook.

61. **In paragraph 208**, the Board reiterated its recommendation that the United Nations develop suitable data-processing tools for cash management.

62. This recommendation is under review by the Office of Programme Planning, Budget and Accounts.

63. **In paragraphs 15 (n) and 211**, the Board recommended that the United Nations (a) review its treasury operations at offices away from Headquarters, and (b) promptly establish formal guidelines, procedures and investment committees in liaison with the concerned funds and programmes.

64. The Administration takes note of the Board's recommendation. It should, however, be noted that the operations of the offices in question, and in particular the investment of the United Nations Staff Medical Insurance Society against Sickness and Accident (UNSMIS) reserves, are performed based on the delegated authority to do so solely in a bonds portfolio. All other transactions are short, fixed-term deposits of the locally administered trust fund resources not immediately required for programme operations, in accordance with the Financial Regulations. Accordingly, the establishment of an investment committee does not seem to be applicable to the operations of these offices, in particular the United Nations Office at Geneva, since they do not have investment functions per se. Considering the

aforementioned, the recommendation to establish an investment committee at offices away from Headquarters, such as the United Nations Office at Geneva, appears to go beyond the authority delegated to these offices.

65. **In paragraph 214**, the Board recommended that the Administration implement the disclosure procedure for investment losses, as provided for in United Nations financial rule 104.16.

66. The Administration is of the view that it is not meaningful or desirable to report losses on individual investments immediately to the Under-Secretary-General for Management. In the case of the investment loss at UNSMIS, disclosure was made in the financial statements and the Administration therefore considers that financial rule 214.6 has been complied with.

67. The Controller is responsible for the implementation of the recommendation.

68. **In paragraph 224**, the Board recommended that the Administration continue to implement its plan to review the vendor registration programme and initiate a systematic updating of information in order to ensure that relevant and reliable information on the status of registered vendors is maintained.

69. The selection of an external consultant to undertake the vendor registration review was eventually cancelled owing to the very high cost quoted by consulting firms. However, in cooperation with the United Nations Office for Project Services and the Inter-Agency Procurement Services Office, the Procurement Division, Office of Central Support Services, has begun a review of the current vendor management system utilized by all organizations in the United Nations system and that of entities of a similar size and complexity in both the private and public sector. The Administration will share the findings with other organizations in the United Nations system with a view to utilizing the outcome to develop a harmonized or common vendor programme management system, based on industry best practices.

70. **In paragraph 229**, the Board recommended that the Administration (a) enhance its database on vendors in order to generate information on the invitees and awardees, and (b) report accordingly to the General Assembly.

71. The Procurement Division will continue to upgrade the recently developed database and reporting system which generates specific information on invitees for specific bids, responses and awareness by vendor name and country of origin.

72. **In paragraph 233**, the Board encouraged the Administration to resolve the issues concerning the computerized procurement system with a view to ensuring the integrity and verifiability of all procurement data.

73. The Administration continues to make every effort to improve the integrity and verifiability of all procurement data by developing a single unified system that will meet the needs of the various departments involved in procurement practices. In that regard, the Department of Peacekeeping Operations and the Office of Central Support Services are working vigorously on ways to enhance the Mercury system in order to allow for a real time interface with IMIS, which to date has been a limitation of the Reality system.

74. **In paragraph 236**, the Board recommended that the Economic Commission for Africa request the assistance of the Procurement Division in implementing a

code of ethics and the signing of declarations of independence of all staff members involved in procurement.

75. The Administration has prepared draft ethical guidelines. Upon its promulgation, the code of ethics will be distributed to all departments involved in procurement activities, including the regional commissions, and will also be placed on the Procurement Division's Intranet web site. The revised Procurement Manual also contains a chapter on United Nations staff ethics and professional responsibility. The question of declarations of independence is under legal review.

76. The Assistant Secretary-General, Office of Central Support Services, is responsible for the implementation of the Board's recommendation related to the issue of procurement.

77. **In paragraphs 15 (o) and 241**, the Board recommended that the Administration ensure that concerned entities sign and implement memorandums of understanding on inter-agency services which set out clearly each party's responsibility and accountability.

78. The Administration agrees with the thrust of the recommendation and continues to discuss the matter with its implementing partners. Overall, the Administration continues to make every effort within the limits of available resources to address the issue. Given the limited staff resources, the strategy being employed by the United Nations Office at Geneva, for example, is to focus first on the largest extrabudgetary clients and to cover progressively all other clients. Currently, at least 10 memorandums of understanding are in place with the following: Office for the Coordination of Humanitarian Affairs, United Nations Framework Convention on Climate Change, Office of the United Nations High Commissioner for Refugees, Office of the United Nations High Commissioner for Human Rights, United Nations Convention on Desertification, United Nations Children's Fund, United Nations Development Programme (inclusive of United Nations Population Fund, United Nations Volunteers and United Nations Office for Project Services), International Trade Centre UNCTAD/WTO, United Nations Compensation Commission, and United Nations System Staff College. Negotiations are in progress with the United Nations Conference on Trade and Development, the Economic Commission for Europe, the United Nations Institute for Disarmament Research and the United Nations Institute for Training and Research. Where a formal agreement has not yet been established, the provision of services and the basis for their reimbursement are governed by an exchange of memoranda and follow the same reimbursement methodology as contained in the MOUs.

79. The Director of the Division of Administration, United Nations Office at Geneva, is responsible for the implementation of the recommendation.

80. **In paragraphs 15 (p) and 254**, the Board recommended that the Administration, under the guidance of the Office of Human Resources Management and with a significant role assigned to the United Nations System Staff College:

(a) Report on training activities and costs;

(b) Review management information systems in order to monitor training in a reliable manner;

(c) Consider sharing a set of similar core indicators across the United Nations common system in order to facilitate benchmarking in terms of deliverables and costs;

(d) Review whether the present level of funding for training and the results are consistent with the priority placed on staff development;

(e) Define or update and disseminate clear training policies and guidelines where this has not been achieved, in line with the organizational learning framework endorsed by the Human Resources Network in July 2003;

(f) Develop rosters of training providers at the appropriate levels (headquarter, regional, country), to be shared among organizations;

(g) Develop more formally inter-agency sharing of training knowledge and materials;

(h) Improve the evaluation of the results achieved through training so as to ascertain its impact on the efficiency and effectiveness of operations.

81. In general, the Administration is in agreement with the Board of Auditors that the United Nations common system should continue to strengthen its collaboration in regard to issues related to staff development and training, including the sharing of best practice. The role of the Staff College in this regard is important but limited to the following areas:

(a) **Report on training activities and costs.** The Administration reports on a regular basis to governing bodies on training and staff development activities and expenditures, including through the biennial proposed programme budget and the related performance reports which provide information on programmes and expenditures, objectives, expected accomplishments, indicators of achievement and performance measures. The formal reports of the Administration are considered by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee of the General Assembly and are accompanied by additional oral or written information, as necessary. In addition, the Office of Human Resources Management produces an annual publication, *Staff Development Activities Report*, which is distributed to managers and contains very detailed information on staff participation in all learning and career development programmes;

(b) **Review of management information systems.** The Administration agrees with this recommendation insofar as it calls for an integrated system of databases. The Office of Human Resources Management currently monitors all training activities. It maintains databases for all of its training programmes and is working on linking them into an integrated system;

(c) **Sharing a set of similar core indicators across the United Nations common system.** The Administration does not agree with this recommendation. While the Office of Human Resources Management continues to refine its procedures for data collection, performance indicators and reporting, given the very different mandates of the organizations of the United Nations system, it seems unlikely that a core set of system-wide indicators would be appropriate. The Administration does agree with the concepts of sharing best practice and benchmarking training activities;

(d) **Review of the present level of funding for training and the results.** The Secretary-General attaches great importance to the issue of staff development and learning, which is considered an integral part of the human resources management reform programme. The Administration agrees with the emphasis placed on the importance of aligning the level of training funding with the priority placed on staff development, and expresses the hope that this might have a positive impact on the level of training funds made available in the future. As noted in the report of the Board, the low ratio of training expenditures to staff costs might appear to contradict the apparent priority placed on staff development;

(e) **Define or update and disseminate clear training policies and guidelines.** The United Nations Secretariat has already defined and disseminated a training policy, aligned with strategic objectives, expected accomplishments, indicators of achievement and performance measures as set out in the biennial programme budget. The current policy is in line with the organizational learning framework endorsed by the Human Resources Network in July 2003 and is geared to supporting the Secretary-General's reform programme by contributing to change in the organizational culture and building the Organization's current and future human resources capacity. Development programmes and activities are based on defined organizational core and managerial competencies. Ongoing needs assessment is carried out to assess organizational requirements and identify gaps where skills and competencies need to be built or strengthened;

(f) **Develop rosters of training providers.** The Administration agrees with this recommendation. The Office of Human Resources Management already has a roster of consultants which is continually expanded, including through consultations with other organizations of the system, and shared with departments that request specific expertise. This is an area in which the Staff College should play a role;

(g) **Develop more formally inter-agency sharing of training knowledge and materials.** The Administration supports the strengthening of inter-agency cooperation, keeping in mind the different needs of the organizations. Indeed, the Staff College has the potential to play an increasingly important role in this regard;

(h) **Improve the evaluation of the results achieved through training.** The Administration agrees that the impact of learning programmes should benefit from continued evaluation. In accordance with the training policy of the United Nations Secretariat, evaluation is an integral part of all developmental activities, which ensures that programmes continue to meet priority organizational needs in an effective and efficient manner. Impact assessments are systematically incorporated into a number of key programmes.

82. **In paragraphs 15 (q) and 256**, the Board recommends that the Administration continually assess and monitor strict adherence to the administrative instructions on hiring, remunerating and evaluating the performance of consultants and individual contractors.

83. The Administration will continue to ensure that there is strict adherence to all administrative instructions.

84. The Assistant Secretary-General, Office of Human Resources Management, is responsible for the implementation of the recommendations contained in paragraphs 80 and 82 above.

85. **In paragraph 263**, the Board recommended that the Office of Internal Oversight Services (a) continue to ensure that the staff are adequately trained, and (b) continue with its plan of implementing online training. The Board also recommended that the Office ensure that it obtain the required resources to effectively perform ICT audits.

86. As reflected in the report of the Board of Auditors, the Office of Internal Oversight Services intends to make much greater use of online training to provide continuing education to its auditing staff in order to maintain their technical competence. This initiative is in accordance with the Organization's training and learning policy. More specifically, the Office has recently introduced a web-based learning page which provides researched links and professional reading to its staff that are available on the Intranet web page of the Office. Through the learning page, staff of the Office will also be able to access the online courses in audit, finance and management provided by the Institute of Internal Auditors. In New York, staff can reserve training cubicles in the DC-2 building, where they can learn free from interruption. These developments are a result of the dedicated work of the Learning Unit, established in September 2003 within the Monitoring, Evaluation and Consulting Division, to coordinate training across the divisions of the Office. The Unit has also developed a database for capturing staff training-related data for all divisions of the Office. At present, the database is being used by the Monitoring, Evaluation and Consulting Division; however, the intention is to extend the use of the database to all divisions, including the Internal Audit Division.

87. **In paragraph 267**, the Board recommended that the Office of Internal Oversight Services address the causes of delays in reporting its audit results in order to ensure the issuance of reports in a timely manner.

88. The Office of Internal Oversight Services will continue to make every effort to ensure that audit results are issued on a timely basis. As a result of the recent implementation of an audit information system and the internal restructuring of operations, it is expected that the monitoring of the status of reports for issuance will be significantly improved.

89. The Under-Secretary-General of the Office of Internal Oversight Services is responsible for the implementation of the recommendations contained in paragraphs 85 and 87 above.

90. **In paragraph 280**, the Board encouraged the Administration to continue to reduce the backlog in the publication of the United Nations *Treaty Series*, both in hard copy and on the Internet.

91. During the first half of 2004, significant improvements progress has been made in reducing publication backlogs. The Administration will continue to make every effort to ensure that the situation is improved.

92. The Under-Secretary-General for General Assembly and Conference Management is responsible for the implementation of the recommendation.

93. **In paragraphs 15 (r) and 284**, the Board recommended that the Administration continue to introduce improvements in the asset management system.

94. The response of the Administration is provided in paragraph 285 of the Board's report.

95. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of the recommendation.

96. **In paragraph 287**, the Board recommended that the United Nations Interregional Crime and Justice Research Institute (UNICRI) assesses project performance and establish guidelines and indicators accordingly.

97. The Administration is in agreement with the thrust of the recommendation and has since introduced substantive and financial provisions on external project evaluation in each project developed by UNICRI.

98. **In paragraph 290**, the Board reiterated its recommendation that the United Nations Secretariat issue a delegation of authority to the Director of UNICRI.

99. The Institute has indicated its interest in carrying out a joint and in-depth assessment with the Office on Drugs and Crime concerning the delegation of authority to its Director.

100. **In paragraph 292**, the Board recommended that the Administration take appropriate measures to fill vacant posts in a timely manner.

101. The Administration takes note of the Board's recommendation and, in an effort to minimize the potential risk of improper management of resources, will, when and wherever possible, make every effort to fill vacant posts in a timely manner. However, in the particular case referred to by the Board, the successor's entry on duty was delayed owing to factors beyond the control of the Administration.

102. The Director of the United Nations Interregional Crime and Justice Research Institute is responsible for the implementation of the recommendations contained in paragraphs 96, 98 and 100 above.

103. **In paragraph 306**, the Board recommended that the United Nations Research Institute for Social Development (UNRISD) consult with United Nations management and other research institutes to find appropriate contractual solutions for multi-year assignments.

104. The Institute acknowledges that it should engage in more consultation with other organizations of the United Nations system in resolving similar issues and has taken all appropriate steps to comply with the Organization's rules in regard to the assignment of multi-year contracts.

105. The Director of UNRISD is responsible for the implementation of the recommendation.

106. **In paragraph 315**, the Board recommended that the United Nations System Staff College (a) further improve its activity reporting system, and (b) fully utilize its income to ensure the achievement of its objectives.

107. The Staff College will strive to improve its activity reporting system in a cost-effective manner in order to optimize the use of its resources while ensuring that objectives in regard to the maintenance of prudent reserves are achieved.

108. **In paragraph 318**, the Board recommended that the United Nations Conference on Trade and Development (UNCTAD) consider (a) documenting a multi-year funding strategy, in cooperation with donors, and (b) submitting a yearly technical cooperation plan to its governing bodies.

109. The secretariat of UNCTAD intends to submit to the Working Party of the Trade and Development Board in September 2004 plans for a multi-year, multi-donor funding mechanism.

110. **In paragraph 321**, the Board recommended that UNCTAD improve benchmarks and indicators of achievement with a view to measuring the performance of its activities funded under section 23 of the United Nations regular budget.

111. The United Nations Conference on Trade and Development will continue to make an effort to improve the formulation of expected accomplishments and indicators. Indeed, it has already taken action in regard to the formulation of the expected accomplishments and indicators set forth in the programme budget for the biennium 2004-2005, an improvement, although not a perfect one, of those in the programme budget for the preceding biennium. This was done through the training of programming officers and extensive consultations with the Programme Planning and Budget Division of the Office of Programme Planning, Budget and Accounts and the Office of Internal Oversight Services. The consultative process with the latter focused in particular on strengthening the linkage between expected accomplishments and corresponding indicators, and on the relevance of the indicators to Member States.

112. **In paragraph 324**, while recognizing the constraints of programme implementation and the need for flexibility in the administration of programme delivery, the Board recommended that the UNCTAD secretariat comply with the Staff Rules and Regulations of the United Nations on the scope of the tasks entrusted to 200-series staff members. The Board also recommended that UNCTAD review the geographical and gender balance of its staff, and consider introducing systematically competitive selection of its staff under the 200 series of the Staff Rules.

113. The scope of tasks entrusted to 200-series staff members is not specified in the Staff Rules and Regulations for that series. The Administration cannot therefore agree that UNCTAD should comply with Staff Rules and Regulations that do not exist. However, the broad framework for those tasks is set out in administrative instruction ST/AI/297 and Add.1 of, respectively, 19 November 1982 and 7 December 1995, concerning technical cooperation personnel and operational, executive and administrative service officers, which needs to be revised. Under prevailing practice, 200-series staff are not considered eligible for membership in joint review bodies and may not supervise 100-series staff members since the terms of appointment, interests and expectations of the former staff are very different from those of the latter. It should be noted that the Office of Internal Oversight Services has taken a firm position against allowing 200-series staff to exercise any supervisory type functions in respect of 100-series staff.

114. The secretariat of UNCTAD is of the view that, in regard to interregional advisers whose very role is to provide high-level advisory functions, there is no contradiction between the functions performed and the scope of permissible tasks assigned to such individuals. Similarly, technical cooperation staff who are hired to implement technical cooperation activities must by necessity be involved in the management of the project budgets concerned and in the hiring of the support staff specifically engaged to assist in the implementation of the technical assistance programme in question.

115. On the issue of establishing formal procedures for the competitive and geographically and gender representative selection of appointees under the 200 series, UNCTAD is a member of a working group convened under the leadership of the Office of Human Resources Management to conduct a comprehensive review of the 200 series. This review will also incorporate the question of the scope of the tasks that may be performed by this category of staff.

116. **In paragraph 326**, the Board recommended that UNCTAD review its policy and funding on financing the travel of experts from developing countries in order to align goals and means.

117. The secretariat of UNCTAD will again submit the matter to the Trade and Development Board for its consideration and decision. As explained to the auditors, it is a matter for decision by Member States. In its most recent decision, the Trade and Development Board requested the Secretariat to seek extrabudgetary funding. In implementing this decision, the UNCTAD secretariat approached all Member States for contributions but with no success. Therefore, in the light of the Board's recommendation, the matter will be resubmitted to the Trade and Development Board for review and decision.

118. **In paragraph 330**, the Board recommended that the International Court of Justice further strengthen its administrative processes to ensure compliance with regulations and rules.

119. The Court has made considerable progress over the past biennium in strengthening its administrative processes and ensuring that it complies with the regulations and rules. As previously observed by the Board of Auditors, because of the small size of the Registry, strict compliance with all applicable regulations, rules and procedures of the Organization is sometimes difficult. Nevertheless, in the light of the Board's recommendation, the Court will continue to make every effort to strengthen its administrative processes. It should be emphasized that, to avoid any negative impression which may be conveyed to the uninitiated reader, the Board's findings and recommendations need to be viewed within an overall context.

120. **In paragraph 332**, the Board recommended that the International Civil Service Commission (ICSC) maximize the use of the Integrated Monitoring and Documentation and Information System in its programme performance monitoring system.

121. In line with the Board's recommendation, ICSC will maximize its use of the System in its programme performance monitoring system. Appropriate measures involving programme managers are being implemented.

122. **In paragraph 334**, the Board recommended that ICSC expedite the filling of vacant posts.

123. The vacancy rate in the ICSC secretariat has been reduced from 13 per cent to 2.2 per cent since the audit was conducted in October 2003. Every effort will continue to be made to fill vacancies on a timely basis as they arise.

124. **In paragraphs 15 (s) and 349**, the Board recommended that the Administration (a) implement a comprehensive and well-communicated corruption and fraud prevention plan in the United Nations system, (b) establish a corruption and fraud prevention committee that would serve as an effective framework and coordination point for a United Nations system corruption and fraud prevention

mechanism, (c) conduct ethics, corruption and fraud-awareness training sessions and workshops among managers, international and local employees and other stakeholders, (d) develop appropriate resolution mechanisms for reported and detected incidents and allegations of corruption and fraud, and (e) review the investigation processes at offices away from Headquarters.

125. The Administration agrees with the Board's recommendation which essentially summarizes the overall concerns with respect to the adoption of a formal mechanism dealing with fraud, presumptive fraud and allegations of corruption throughout the United Nations system. However, some of the Board's comments may give the mistaken impression to the uninitiated reader that the potential for large-scale fraudulent and corrupted activities is widespread. The Administration assigns high priority to the issues of fraud and corruption and several mechanisms for addressing them are embodied in the Financial Regulations and Rules of the Organization and in established procedures that are all geared towards ensuring adequate internal controls to minimize such occurrences.

126. The Under-Secretary-General for Management is responsible for the implementation of the recommendation.

III. Implementation of the recommendations of the Board on the Office of the Capital Master Plan

127. The implementation of the following recommendations of the Board in its report on the capital master plan (A/59/161) is the responsibility of the Officer-in-Charge of the Office of the Capital Master Plan.

128. **In paragraphs 9 (a) and 34** of its report, the Board recommended that the Administration comply strictly with United Nations regulations and rules on procurement and contracting.

129. The Administration takes note of the Board's recommendation and every effort will be made to ensure strict adherence to the regulations of the Organization.

130. **In paragraphs 9 (b) and 43**, the Board recommended that the Administration identify and address all causes of delay in the initiation of the design development and construction documentation phases to ensure their timely completion in an efficient and economical manner.

131. As reflected in paragraph 43 of the Board's report, the Administration is in agreement with the recommendation.

132. **In paragraphs 9 (c) and 45**, the Board recommended that the Administration study and adopt measures to minimize administrative and management costs.

133. Paragraph 45 of the Board's report reflects the Administration's agreement with the recommendation.

Notes

[1] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 9* (A/59/5), vol. I, chap. II.